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PP RUEHDIR  
DE RUEHDE #0040 0291340  
ZNR UUUUU ZZH  
P 291340Z JAN 09  
FM AMCONSUL DUBAI  
TO RUEHC/SECSTATE WASHDC PRIORITY 6371  
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC  
RUEHAD/AMEMBASSY ABU DHABI PRIORITY 3399  
RUEHDE/AMCONSUL DUBAI PRIORITY 9604

UNCLAS DUBAI 000040

SENSITIVE  
SIPDIS

DEPARTMENT FOR NEA/FO, NEA/ARP (MASILKO) AND EEB PLEASE PASS TO  
USTR (BUNTIN)

E.O. 12958: N/A

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SUBJECT: DUBAI'S "TRANSPARENT" BUDGET

¶1. (U) Ostensibly in support of Dubai government's efforts at greater transparency, publically disclosed details of Dubai's 2009 government budget provided an unprecedented (though not highly informative) glimpse into the historically closely held balance sheet. In particular, the released information differentiates for the first time between public sector and Dubai government wholly-owned commercial entity (Dubai World and Investment Corporation of Dubai) revenue and expense streams.

¶2. (SBU) The local press widely praised the projected 4.2 billion AED (USD 1.14 billion) public sector deficit as providing a "fiscal boost" to the local economy. It was especially positive towards the disclosure that 45 percent of the budget (17.05 billion AED or USD 4.65 billion) is slated for infrastructure development, including roads, metrorail, port and other municipality projects.

¶3. (SBU) Slightly less heralded, was a projected increase in 2009 public sector revenues of 26 percent over fiscal 2008. Given that Dubai's public sector revenue stream is primarily generated by fees (road tolls, registration fees, etc.) and features no sales or valued added taxes, it is difficult to imagine how the Dubai government plans to generate an additional 7 billion AED (1.9 billion USD) in a declining economy and no official explanation has been given.

¶4. (SBU) The most interesting aspect of the budget was the demarcation between traditional public sector expense/revenue streams and those generated by the Dubai government's holdings in para-statals Dubai World and Investment Corporation of Dubai. The 2009 budget features a total of 138 billion AED revenue (split 33.5 billion public and 104.5 billion para-statal) with 135 billion AED expenditures (split 37.7 billion public and 97.3 billion para-statal).

GAVITO